

**Amendments to the Specification**

Please replace paragraph 23 on page 4 with the following amended paragraph:

[0023] Figure 2A provides further detail of the encoding process ~~116-114~~ executed by encoder 220. As can be seen, a continuous tone image 200 is input into encoder 220. Encoder 220 also accepts input of data 210, which will be embedded into image 200. Encoder 220 further has stored, or accepts, an encoding rate value, which determines the embedding rate of data 210 within input image 200. Output 230 of encoder 220 is a modified version of input image 200 (i.e., modified image data) that can be viewed with appropriate viewing software, such as that provided by default with major computer operating systems printed, or otherwise displayed. Output 230 may also be stored in local storage and/or on a remote file server, or transmitted to one or more other systems over a network, via e-mail for example.

Please enter.

/Steven Kau/ (07/26/2012)

Examiner